

80010066
TASK 107
cc: Tom

EARTHS PARTNERS LLC

Beaver, UT 84713

en7@smixion.com

November 11, 2008

DOGM

1594 W N Temple
Suite 1210, POB 145801
Salt Lake City, UT 84114-5801
Attn: Paul Baker/ Tom Munson
cc: Ed Ginouves(CCFO BLM)

RE: Certified Letter 7005 2570 0000 4801 7147

Subject: Division directive Earths Partners LLC Munchkin 1-2-3, S/001/066, Beaver County Utah

Dear Tom and Paul,

In reply to your letter from Oct. 14, 2008 on the Munchkin property

- 1.) We would like to request an extension of time until the Spring of 2009 to increase the surety if needed, and amend the DOGM NOI.
- 2.) We do have a bond in place with the BLM and DOGM is named as co-beneficiary on the bond already for the 0.2 acres that was calculated by CCFO in 2004. There has not been any additional disturbance, because we have never worked the property.
- 3.) We have already filed and signed a reclamation contract with your office, see below.
We do not want to increase the bond amount until we are actually ready to work on the Munchkin property, which we anticipate operation for the mining season of 2009.

Munchkin History Time Line of Events

Feb 2004- NOL Date

Sep 8 2004 - NOI response from BLM with proposed reclamation cost estimate to be \$1700 for 0.2 acres

Sept 13 2004- DOGM request for SMO permit and increased reclamation cost of \$2700

Oct 22 2004- SHPO clearance, DOGM requirements met except for posting of surety.

Nov 22 2004- request from Earths Partners LLC to extend bonding until spring of 2005 because of out of season and unable to work in winter conditions.

2005- Earths Partners is out of state most of year on other project and unable to do exploration, no work has been done on the property

Dec 27 2005- Earths Partners LLC posts bond with BLM and DOGM for \$2700.

2006- NOI expires

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Munchkin History Time Line of Events(continued)

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August 21 2007- David Penney of Earths Partners LLC signs the DOGM reclamation contract.

May 2008- submission of Munchkin NOI to BLM

June 2008- miscommunication with Ed about amount of ground proposed in NOI, we wanted to still work the same amount of ground of 0.2 acres as calculated with CCFO in 2004.

In conclusion,

It is currently to late in the mining season this year to do any work, we have never done any work on the ground, we hold a bond for the 0.2 acres that was calculated by CCFO and we have signed a reclamation contract as requested before. We would like to not add any additional bond amount until we are ready to work next season.

We would like to request in writing that all correspondence with Earths Partners LLC be sent by email as well, to ep7@xmission.com just as Penneys Gemstones LLC because our field work and business trips. Please make a note in our file.

Thank you for your attention in this matter.

Sincerely,

Heather Scholz and David Penney

Partners
Earths Partners LLC

Attachments

Proposed reclamation estimate from CCFO for 0.2 acres

Cc: email Ed Ginouves

Hard copy and email to Tom Munson

Excavator WorkRoads with the side
Slope,

<30%

Linear
Feet

0 Recontouring Cost

Cost/Linear Foot

\$ 1.50

\$0.00

>30%

0 Recontouring Cost

\$ 2.40

\$0.00

Areas of non-road
disturbance where the
use of dozer wouldn't
be adequate.

<30%

Acres

0.2 Recontouring Cost

Cost /Acre

\$4,665.00

\$933.00

>30%

0 Recontouring Cost

\$7,465.00

\$0.00

Revegetation

Acres

Non-Road disturbances
with machine spreader

0 Revegetation Cost

Cost/Acre

\$ 600.00

\$0.00

Non-Road disturbances
with manual spreading

0.2 Revegetation Cost

\$150.00

\$30.00

Road disturbances
with machine spreader

Linear Feet

0 Revegetation Cost

Cost/Linear Foot

\$ 0.20

\$0.00

Road disturbances
with manual spreader

0 Revegetation Cost

\$0.05

\$0.00

MobilizationNo. Pieces
of equipment

1 Mobilization Cost

Cost/Piece

\$ 300.00

\$300.00

Total Labor Cost

\$ 511.25

Total Operating and Maintenance (O&M) Cost

\$1,263.00

Contractor's Profit 10% O&M Cost

\$126.30

Estimated Contract

\$1,389.30

Contingency 10% O&M Cost

\$126.30

Total Estimated Contract and Contingency

\$1,515.60

Administrative Fees

Contract Administration 16% O&M Cost

\$202.08

Indirect Costs

21% Administrative Cost

\$42.44

Engineering/Design

2% O&M Cost

\$25.26

*Insurance

1.5% Labor Cost

\$0.00

*Bond Maintenance

3% Rec. Cost

\$0.00

* Only Administered if Estimated Contract Costs over \$100,000.

Total Administrative Cost

\$269.78

Bond Amount

\$1,785.38